

ASIAN HEALTH NEWSLETTER

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A Quarterly newsletter of developments in the health industries

We hope that you find the Asian Health Newsletter informative.

Business Development Asia (“BDA”) is an investment banking firm specializing in executing cross-border transactions involving Asia, including acquisitions, divestments, JVs, capital raising and restructuring. We have offices and professional staff throughout Asia, the Middle East, Europe, and the US. If you would like to learn more about how BDA is positioned to help your business

grow through acquisitions, or to achieve maximum value in a divestment or fund raising exercise, please contact us at any one of our offices.

Paul DiGiacomo, Managing Director
pdigiacomobdallc.com

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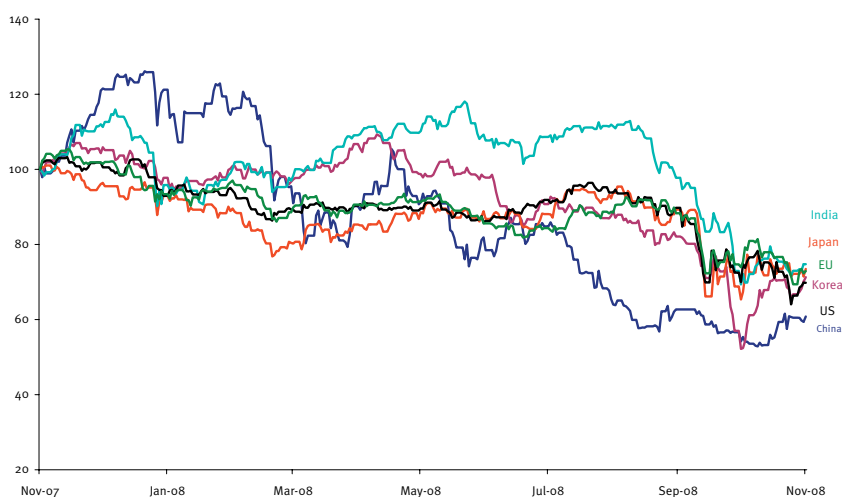
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China

CITIC Asset Management Corp, an Asian Private Equity group, is investing US\$15m in **China Central Pharmaceuticals Ltd (“CCP”)**. The proceeds are being used to aid CCP’s development of a nationwide pharma distribution network. CCP has 53 pharma companies in its distribution network, including **Wuhan Pharmaceutical Group** and **China Central Pharmaceutical Chainstore Ltd.** *October 29, 2008*

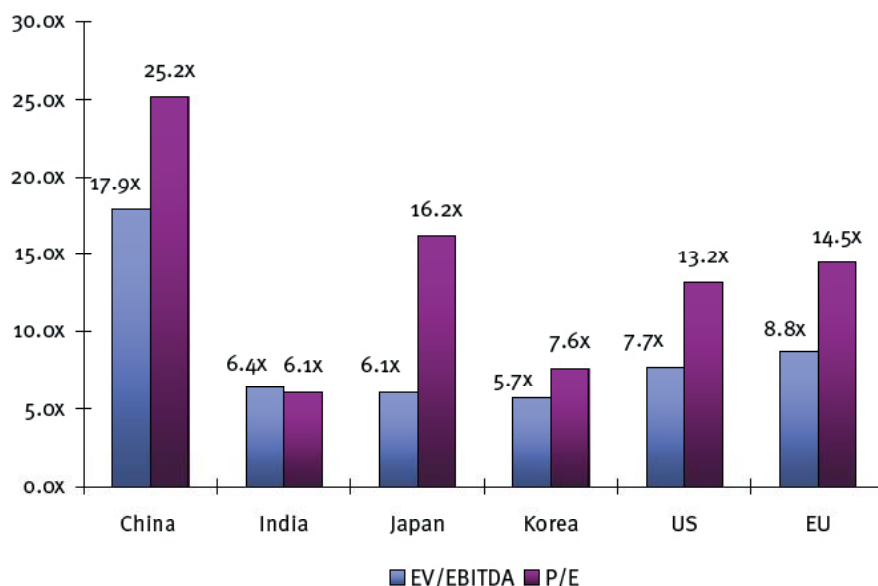
EQT Partners Asia, the private equity arm of Stockholm-based **Investor AB**, has acquired 48% of **Hunan Laobaixing Pharmacy Chain**, a Chinese retail pharmacy chain, for US\$80m. The transaction is one of the largest VC injections in the Chinese retail pharma

Healthcare Stock Indices (12 months ending in Nov 2008)



Source: Bloomberg, BDA

Healthcare Trading Multiples (Dec 2008)



Source: Bloomberg, BDA

industry in the past several years. The proceeds are being used to expand Laobaixing's drugstore chain network in China. *October 17, 2008*

GlaxoSmithKline ("GSK") will form a 40:60 JV with **Shenzhen Neptunus Interlong Bio-Technique**, a Chinese developer of cytokine therapeutic drugs, to produce human flu, rabies and other vaccines. GSK will invest US\$31m for a 40% stake in the JV. *November 24, 2008*

Golden Meditech Company Ltd, a Chinese medical device and healthcare services provider, is selling **China Cordblood Bank Services Corp ("CCBS")** to **Pantheon China Acquisition Corp**, an OTCBB company, for US\$350m. CCBS collects, processes and stores cord blood of newborn babies, and is cord blood companies in China. The proceeds will be used by Golden Meditech to fund future

development. *November 24, 2008*

Legend Holdings has completed the sale of **CSPC Pharmaceutical Group Ltd ("CSPC Pharma")**, which it acquired in 2007 for US\$114m. **Hony Capital**, the buyout arm of Legend Holdings, was expected to be the buyer, but this has not been confirmed. CSPC Pharma reported a net profit of US\$66m in 2007. *November 28, 2008*

NeoStem Inc, a US stem cell collection and storage service provider, is acquiring 51% of **Suzhou Erye Pharmaceutical Co**, a subsidiary of **China Biopharmaceuticals**. The acquisition will allow NeoStem to expand its global presence, and offers Suzhou Erye new technologies to improve its drug development. *November 4, 2008*

Roche Holding AG, a Swiss pharmaceuticals and diagnostics

company, will invest US\$59m to build new facilities in China and to develop an Asian pharmaceuticals partnering division with the intent of identifying opportunities in China, Korea and Singapore. The new facilities will be located in Shanghai and will include warehousing and administrative offices.

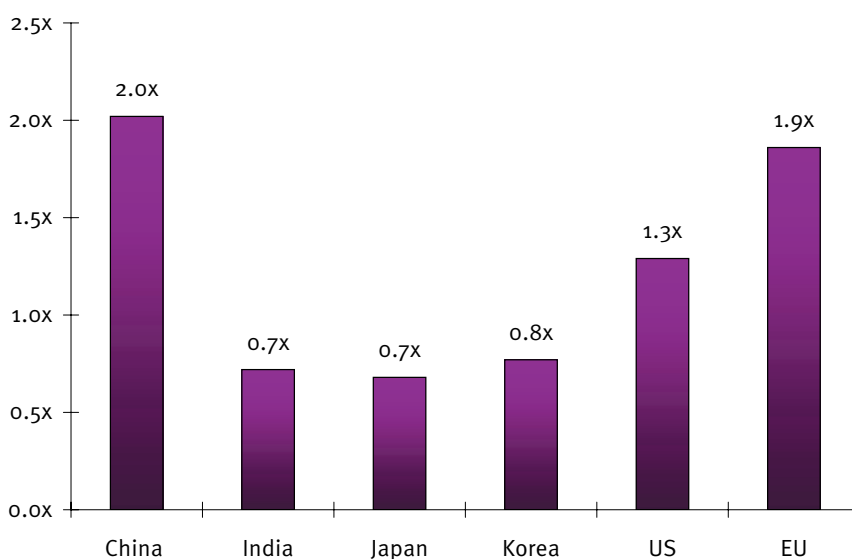
November 3, 2008

Shanghai Fosun Pharmaceutical Co, through its wholly-owned subsidiary **Fosun Enterprises Ltd**, has acquired 2.5 million ADRs of **Tongjitang Chinese Medicines**, an NYSE-listed traditional Chinese medicine company, for US\$9.2m. Fosun makes and sells medical diagnostic products, pharmaceuticals and medical devices. The purchase increases Fosun's stake to 7.4%. *November 18, 2008*

Smiths Medical, a UK-based medical device supplier, has acquired **Medical Instrument Corp of Zhejiang University (MICZU)** for an undisclosed consideration, to expand its presence in China. Hangzhou-based MICZU is one of the largest medical syringe pump manufacturers in China, with sales of US\$10.6m in 2008. *November 28, 2008*

Southwest Synthetic Pharmaceutical Co, a Chinese chemical synthetic drug maker, is swapping shares with its sister company **Peking University International Hospital I & M Co**. The transaction will enable Southwest to gain control of **Chongqing Daxin Pharmaceutical Co**, a biopharmaceuticals company. Southwest is set to issue 43 million new shares for a 90.6% stake in Daxin, valued at US\$33m. *November 5, 2008*

Healthcare Trading P/R Multiples (Dec 2008)



Source: Bloomberg, BDA

Syneron Medical Ltd, an Israeli manufacturer of medical anaesthetic devices, has formed a JV with **EverCare Medical Institute**, a China-based operator of plastic surgery hospital chains and a distributor of medical and cosmeceutical products. The JV will be called **Syneron China** and will sell Syneron's products directly to medical and aesthetic professionals in China.

November 24, 2008

WuXi PharmaTech, China's largest pharmaceutical research outsourcing firm, and **Covance**, a US-based drug development services company, will no longer pursue a previously announced preclinical research JV in China. WuXi will now own 100% of the Suzhou facility.

October 5, 2008

Zhejiang Conba Pharmaceutical Co, a Shanghai-listed producer of traditional Chinese medicines, herbal medicines, chemical drugs, and healthcare products has agreed to sell 37% of its stake in **Zhejiang Jolly Pharmaceutical Co** ("Jolly") for US\$9m to Jolly's management team. After completing the deal, Conba Pharmaceutical will hold 26% of Jolly Pharmaceutical, becoming the second largest shareholder.

December 2, 2008

India

Bharat Biotech International Ltd, an Indian producer of vaccines and biotherapeutics, is developing a US\$20m Biotech Pharma IT Park in Bhubaneswar under a government contract. The

Orissa government awarded the public private partnership to Bharat to attract biotechnology, pharmaceutical and IT industries development in the state.

October 30, 2008

India-based **Dabur India Ltd**, a manufacturer of health care, personal care, and food products, has acquired 72% of **Fem Care Pharma**, an Indian women's skin-care products and pharmaceutical formulation company, for US\$41m. As required by the takeover regulations of the Securities and Exchange Board of India, Dabur India will make an open offer for another 20% in Fem Care for US\$11.3m.

November 28, 2008

EID Parry Ltd, an Indian sugar and nutraceuticals subsidiary of the **Murugappa Group**, is acquiring 48% of **US Nutraceuticals LLC** for US\$9m. US Nutraceuticals' is a player in the global

astaxanthin market and its products are marketed under the name **Valensa International**. The acquisition provides EID with science-based products patents, extraction technology and market access to the US and the European Union.

November 21, 2008

Glenmark Pharmaceuticals Ltd, an Indian developer and manufacturer of pharmaceuticals and healthcare products, has delayed its acquisition plans in the US and the listing of **Glenmark Generics Ltd** because of unfavorable market conditions. Glenmark had planned to sell shares in the generics unit and list it by 2009. Glenmark is also planning to build new plants in Brazil and India.

November 7, 2008

Fresenius Kabi, a German infusion therapy and clinical nutrition company, has completed its acquisition of **Dabur**

Pharma, a supplier of generic drugs and APIs. Fresenius Kabi had acquired 73.3% of the shares for US\$70m in April and a further 17.6% for US\$17m through a public offer. The acquisition allows Fresenius Kabi to expand its IV drug portfolio and API's for cytostatics.

November 8, 2008

Plethico Pharmaceuticals has acquired 20% of **Sputnik Regional Aptika Holdings Ltd**, a Commonwealth of Independent States retail pharmacy chain, for US\$20m. The pharmacy chain is a subsidiary of **Tricon Holdings**, based in Hong Kong. The deal will enable Tricon to get access to over 1,000 products from Plethico and its subsidiary, **Natrol**.

December 2, 2008

Phillips has acquired Mumbai-based medical equipment maker **Meditronics** for an undisclosed amount. Meditronics is a medical imaging company that makes general X-ray systems.

November 18, 2008

Sun Pharmaceutical Industries Ltd, one of India's largest drug makers, is still trying to complete the acquisition of **Taro Pharmaceutical Industries Ltd**, a US-based prescription and OTC drug maker. The US\$454m proposal to acquire Taro has been stalled in litigation, but court proceedings are scheduled in December.

November 7, 2008

Zydus Cadila Healthcare, an Indian pharmaceutical company with operations in Africa, Asia, Europe, South America and the US, will acquire **Etna Biotech**, an Italian subsidiary of **Crucell NV**, a Dutch biopharmaceuticals company focused on

infectious diseases, for an undisclosed consideration. The deal offers Cadila a research platform for developing new vaccine technology.

November 11, 2008

Israel

Johnson & Johnson has agreed to acquire Israel's **Omxix Biopharmaceuticals** for US\$438m to expand its biosurgical and immunotherapy product offerings. Omrix develops, manufactures and markets protein-based biosurgery and passive immunotherapy products derived from human plasma. Omrix is expected to run as a stand-alone entity operating through **Ethicon Inc**, a Johnson & Johnson unit.

November 24, 2008

Japan

ArQule, a US company listed on NASDAQ and specializing in clinical-stage biotechnology and R&D for cancer therapeutics, and **Daiichi Sankyo**, a Japanese pharma company, have agreed to co-develop and co-commercialize a number of cancer drugs including ARQ 197 and ArQule's kinase inhibitor. Daiichi Sankyo will pay US\$75m upfront to ArQule for the agreement.

November 10, 2008

Kyowa Hakko Kogyo Co, a TSE-listed company that manufactures medical products and pharmaceuticals, is merging with **Kirin Pharma Co**, a Japanese R&D-based company engaged

in pharmaceuticals, bio-chemicals, chemicals, and food. The new company will be named **Kyowa Hakko Kirin Co**. Combined company sales will amount to US\$1.9bn.

October 1, 2008

Shionogi & Co, a Japan-based pharmaceuticals manufacturer, is acquiring US-based **Sciele Pharma Inc** for US\$1.1bn. Sciele Pharma Inc is a NASDAQ-listed pharmaceutical company that manufactures branded prescription products for a variety of ailments including cardiovascular disorders, diabetes and pediatrics.

October 6, 2008

Toshiba Medical Systems Corp, through its new subsidiary **Toshiba Medical Visualization Systems Europe Ltd**, will acquire the Advanced Visualization Imaging System Division of **Barco NV**, a Belgian display hardware manufacturer, for an undisclosed consideration. The acquisition allows for the development of advanced visualization capabilities for all Toshiba modalities.

November 21, 2008

Korea

Kael Co, a Korean biotechnology company, has acquired **Gemvax**, a unit of Danish **Pharmexa AS**, for an undisclosed consideration. Pharmexa is known for immunotherapy and vaccines for the treatment of cancer and serious chronic and infectious diseases. Gemvax provides Kael with an important cancer fighting portfolio.

October 31, 2008

Pakistan 

Hilton Pharma and **Sami Pharmaceuticals**, both leading pharmaceutical companies in Pakistan, have agreed upon a merger in order to increase competitiveness against foreign competitors. The two firms each had revenues of US\$25m in 2007. With rising costs and a fragmented local market, further consolidation in the Pakistani pharmaceutical industry is expected.

Singapore 
 October 14, 2008

Quintiles Transnational Group, a US-

based contract research company serving the pharmaceutical, biotechnology and medical device industries, is planning to expand its operations in Singapore through a US\$30m investment in a science park facility. The park will become operational by Q3 2009. Quintiles' Central Laboratory and its Clinical Development Services offices will move into 80,000 sq ft in the Cintech IV building now under construction in Singapore's Science Park One. *September*

Vietnam 

The **Phuc Lam Medical Joint Stock Co** of Vietnam and the **Constructor Sanjose Group** of Spain are jointly constructing a US\$80m polyclinic. The new facility will house 500 beds and 28 wards and is located in Hanoi. The hospital is expected to be operational in 2009.

October 29, 2008

Selected Asian Healthcare Transactions with Multiples (12 months ending in Nov 2008)

| Announce Date | Target Name | Target Country | Acquirer Name | Acquirer Country | Deal Value | Acquisition Type | EV / EBITDA | EV / Revenue | P/E |
|---------------|---------------------------------|----------------|----------------------------------|------------------|----------------|------------------|--------------|--------------|--------------|
| 10-Oct-08 | Alfresa Holdings Corp | JP | Mediceo Paltac Holdings | JP | \$1,323.0 | 100% ACQ | 4.4x | 0.1x | 13.5x |
| 10-Sep-08 | Sciele Pharma Inc | JP | Shionogi & Co Ltd | US | \$1,204.0 | Merger | 11.4x | 3.2x | 24.8x |
| 7-Jul-08 | Health Trends Medical | SI | Albedo | SI | \$294.0 | 100% ACQ | N.A. | 10.2x | N.A. |
| 30-Jun-08 | Taro Pharmaceutical | IN | Alkaloida Chemical | IN | \$185.0 | 65.6% ACQ | N.A. | 0.9x | 13.4x |
| 11-Jun-08 | Ranbaxy Laboratories | IN | Daiichi Sankyo Company | JP | \$4,625.0 | 60.6% ACQ | 30.4x | 6.3x | 59.8x |
| 5-Jun-08 | Core Healthcare Investment | HK | Hong Kong Health Check and Labor | HK | \$125.0 | 88.7% ACQ | N.A. | N.A. | N.A. |
| 30-May-08 | Braden Partners LP | US | Teijin Limited | JP | \$114.0 | 100% ACQ | N.A. | 0.9x | N.A. |
| 23-May-08 | Chugai Pharmaceutical Co | JP | Roche Pharm Holding | Netherlands | \$922.0 | 9.8% ACQ | 11.9x | 2.8x | 25.5x |
| 14-May-08 | Wah Cheong Development | HK | Famestep Investment | BVI | \$60.0 | 100% ACQ | N.A. | 14.2x | 14.3x |
| 30-Apr-08 | Parkway Holdings Ltd | SI | Khazanah Nasional | Malaysia | \$390.0 | 16.4% ACQ | 9.3x | 4.0x | N.A. |
| 10-Apr-08 | Millennium Pharmaceuticals | JP | Takeda Pharmaceutical | US | \$7,659.0 | 100% ACQ | 223.0x | 14.5x | 500.0x |
| 4-Apr-08 | Draxis Health Inc | CA | Jubilant Organosys | IN | \$229.0 | 100% ACQ | 28.7x | 2.9x | 150.0x |
| 31-Mar-08 | Bremer Pharma | GE | RFCL Limited | IN | \$75.0 | 100% ACQ | N.A. | 7.5x | N.A. |
| 11-Mar-08 | The Goodwill Group Inc | JP | Promontoria Investment | US | \$194.0 | 16.5% ACQ | 21.8x | 0.7x | N.A. |
| 25-Feb-08 | Criticare Systems | US | Packer Acquisition | IN | \$62.0 | 100% ACQ | 143.3x | 2.0x | 183.3x |
| 12-Feb-08 | Biofermin Pharmaceutical | JP | Taisho Pharmaceutical | JP | \$175.0 | 56.9% ACQ | 15.8x | 4.3x | 36.6x |
| 19-Dec-07 | Qi Jie Yuan Medicine | HK | China Healthcare Inc | CH | \$72.0 | 69% ACQ | N.A. | N.A. | 23.9x |
| 18-Dec-07 | Weigao Group Medical Polymer Co | CH | Medtronic Inc | US | \$221.0 | 15% ACQ | 44.9x | 14.5x | 61.8x |
| 10-Dec-07 | MGI Pharma Inc | US | Eisai Co Ltd | JP | \$3,403.0 | 100% ACQ | N.A. | 9.9x | N.A. |
| | | | Median | | \$221.0 | | 21.8x | 4.0x | 31.1x |

Source: Mergermarket, BDA

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions, divestments and capital raising. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

Paul DiGiacomo
Managing Director
pdigiacomobdallc.com

Jonathan Aiken
Associate
jaikenbdallc.com

www.bdallc.com
newsletter@bdallc.com

NEW YORK

Euan Rellie, erellie@bdallc.com
Charles Maynard, cmaynard@bdallc.com
Business Development Asia LLC
The Economist Building, 11th Floor
111 West 57th St, New York, NY 10019
T (212) 265-5300
F (212) 265-4300

BAHRAIN

Tamer Makary, tmakary@bdallc.com
Business Development Asia
2119 Al Moayyed Tower
Seef District
Manama, Bahrain
T (973) 17567914
F (973) 17567901

HONG KONG

Paul DiGiacomo, pdigiacomobdallc.com
Business Development Asia (HK)
#1206 Lippo Centre, Tower 1
89 Queensway, Hong Kong
T (852) 2537-9565
F (852) 2537-4406

SEOUL

Jay Shin, jshin@bdallc.com
Business Development Asia
#1201, Gwanghwamun Officia
163 Sinmunno 1-Ga, Jongno-Gu
Seoul 110-999, Korea
T (82) 2-3276-3150
F (82) 2-3276-3155

LONDON

Andrew Huntley, ahuntley@bdallc.com
Business Development Asia Ltd
10 Crown Place
Clifton St
London, EC2A 4FT, United Kingdom
T (44) 20-7655-3500
F (44) 20-7655-8913

MUMBAI

Rohit Singh, rsingh@bdallc.com
Business Development Asia
898 Notan Plaza, Suite 4A
Turner Road, Bandra (West)
Mumbai 400050, India
T (91) 22-2643-0290
F (91) 22-2643-0291

SHANGHAI

Jeffrey Wang, jwang@bdallc.com
Business Development Asia Co Ltd
The Center, #1602, 989 Changle Road
Shanghai 200031, China
T (86) 21-5407-5580
F (86) 21-5407-5680

TOKYO

Yuuichiro Nakajima, ynakajima@bdallc.com
Business Development Asia K.K.
4F, T3 Gates
3-8-25 Toranomon, Minato-ku
Tokyo 105-0001, Japan
T (81) 3-3433-5803
F (81) 3-3433-5269